

**STATE OF CALIFORNIA
DEPARTMENT OF INSURANCE
45 Fremont Street, 21st Floor
San Francisco, California 94105**

RH04038904

October 11, 2005

INITIAL STATEMENT OF REASONS

Proposed Revisions to Coverage Forms and Endorsements

PURPOSE OF THE REGULATION

Pursuant to California Insurance Code Section 11620, California Insurance Commissioner John Garamendi will hold a public hearing regarding the recommendation of the California Automobile Assigned Risk Plan ("CAARP" or the "Plan") to amend CAARP's current Commercial Auto Coverage Forms and Endorsements available through CAARP's Plan of Operations.

NECESSITY OF REGULATION

Insurance Services Office (ISO) has introduced several revisions to the Commercial Auto Parts Program (CACP) and related endorsements to replace the California July 1997 Edition. In the past CAARP has adopted the latest ISO CACP changes however no change have been adopted since 1997. Therefore the proposed changes are necessary to make current the forms used by CAARP in order to keep up to date with editorial changes, revisions and updated definitions.

CAARP's proposed changes impact several definitions. The definition "Covered Pollution Cost or Expense" will broaden to include any cost or expense arising out of a statutory or regulatory requirement. The definition "Insured Contract" is revised to be consistent with the definition in ISO's Commercial General Liability Policy. The definition of "Temporary Worker" is revised to be consistent with ISO's Commercial General Liability Policy.

The rest of the revisions are editorial or changes to the policy structure to allow additional space to list the requested information. They include replacing older forms and incorporating provisions into newer forms so they are not duplicative, revising forms from "Additional Insured—Lessor" to "Lessor—Additional Insured and Loss Payee" to more closely track with the purpose of the endorsement, reflect the new requirements of the "Liability, Indemnity and Insurance" section of the Uniform Intermodal Interchange and Facilities Access Agreement, which indemnify the indemnitees, rather than the provider, equipment owner, and/or facility operator arising out of or related to the motor Carrier's use or maintenance of the equipment during an interchange period rather than the motor carriers negligent or intentional acts or omissions during an interchange period, and delete the split limits option to a single limit.

IDENTIFICATION OF STUDIES

The proposal relies upon the expertise of CAARP's Advisory Committee. Other than the material submitted by CAARP no studies have been submitted for this proceeding.

SPECIFIC ACTIONS, PROCEDURES, TECHNOLOGIES OR EQUIPMENT

Adoption of the proposed changes would not mandate the use of specific actions, procedures technologies or equipment.

REASONABLE ALTERNATIVES

The Commissioner invites public comments on the proposed changes and reasonable alternatives which would be as effective to carry out the proposed changes.

ECONOMIC IMPACT ON BUSINESS

The Commissioner has initially determined that the proposed changes will not have a significant adverse economic impact on businesses. The Commissioner invites interested parties to comment on whether the proposed changes will have a significant adverse economic impact on business.